

BOROUGH OF ROCKY HILL

SOMERSET COUNTY, NEW JERSEY

MASTER PLAN Housing Element & Fair Share Plan

Adopted by the Rocky Hill Planning Board
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Prepared by:

Susan C. Kimball, PP (LI # 2280)
KIMBALL & KIMBALL
Professional Planners

A signed and sealed copy of this Master Plan amendment is on file with the Planning Board Secretary and Borough Clerk.

Borough of Rocky Hill

Housing Element & Fair Share Plan

Introduction

This plan is comprised of two parts consistent with revised regulations of the New Jersey Council on Affordable Housing (COAH) and the New Jersey Fair Housing Act. Part 1 is the *Housing Element*, which contains information on the Borough's housing stock, demographics, employment characteristics and a determination of the Borough's fair share obligation. Part 2 is the *Fair Share Plan*, which describes how the Borough of Rocky Hill will provide a realistic opportunity for the rehabilitation and construction of affordable housing consistent with COAH rules.

Background

COAH establishes municipal fair share obligations on a periodic basis. In 1986 COAH determined that the Borough had no fair share obligation for the "first round" ending in 1993. In 1993 COAH determined that the Borough's "second round" fair share obligation, for the period ending in 1999, was comprised of 25 new units and 2 units of rehabilitation. The Planning Board adopted a plan addressing the 27-unit obligation, which COAH certified in 2001, and all components of the plan have been implemented.

In 2006, in response to COAH's original third round rules adopted in 2004, the Borough submitted a new Housing Element & Fair Share Plan addressing its third round fair housing obligation. COAH's regulations were challenged by developers and subsequently invalidated by the Appellate Court in 2007. In response to the Court Decision, COAH has adopted new regulations requiring the submission of this revised third round plan addressing the Borough's affordable housing obligation.

Goals & Objectives of this Plan

The goal of this plan is to comply with the constitutional fair housing mandate within the practical limitations of the available land capacity of the Borough and in a manner consistent with the Borough's Master Plan. The following objectives are intended to fulfill this important goal:

1. Maintain COAH credit for the units implemented as part of the Borough's prior round certified affordable housing plan (2 group homes) and cooperate with a sponsor of Special Needs Housing to provide the opportunity for additional housing in the Borough for persons with special needs.
2. Provide opportunities for new affordable housing to be constructed in the Borough as part of an accessory apartment program.
3. Provide funding for residential rehabilitation in the Borough.
4. Comply with applicable fair housing regulations enabling COAH to grant substantive certification to the Borough's fair share plan.

Executive Summary of the Housing Obligation and the Fair Share Plan

COAH's third round rules are intended to address the need for affordable housing from 1987 through 2018. Three components comprise the fair share obligation according to COAH rules. The ***rehabilitation share*** represents COAH's determination, based on the 2000 Census, of the number of substandard dwellings within the community occupied by low or moderate income households that are in need of rehabilitation. The new construction component or ***growth share obligation*** represents the municipality's share of the region's need for new housing for low and moderate income households for the period 1999-2018. In addition, every municipality's ***prior round fair share obligation*** (the new construction portion of the cumulative first and second round obligations) is a continuing obligation and any units not completed must be addressed.

Rehabilitation Share

COAH has determined that at the time the 2000 Census was taken, four dwelling units in the Borough occupied by low or moderate income households, were deficient and in need of rehabilitation. Under COAH rules, the Borough may address the 4-unit rehabilitation share with credits for units completed since the Census, and either a rehabilitation program or new construction. Three dwellings in the Borough were rehabilitated since the 2000 Census and meet COAH crediting criteria, thus leaving one unit in need of rehabilitation.

Growth Share Obligation

COAH calculates the new construction component of the fair share obligation based on its projection of total growth that it anticipates will take place from 2004 through 2018. Known as the "growth share" portion of the obligation, the affordable housing requirement is calculated on the basis of one affordable unit among five new COAH-projected dwellings and one affordable unit for every 16 COAH-projected new jobs (created hypothetically), as measured by new or expanded nonresidential development from January 1, 2004 through December 31, 2018. COAH's growth projections require that the Borough develop a plan to create a realistic opportunity for the construction of 11 new affordable units.

Prior Round Obligation

Rocky Hill's prior round obligation was 27 units: two units of rehabilitation and 25 units of new construction. The Borough satisfied that obligation based on the housing plan that was certified by COAH on January 3, 2001. The Borough has complied with the obligation and fully implemented the plan as summarized in the table below.

CERTIFIED PRIOR ROUND FAIR SHARE PLAN

Plan Component	Credits or Units
Rehabilitation Program	2
Regional Contribution Agreement: \$180,000 transferred to the City of New Brunswick in 2001	9
Credit for 4 bedroom group home (EDEN Acres) established in 1996	4
6 bedroom Group Home (ARC of Somerset) completed in 2002	6
Rental Bonus	6
TOTAL	27

Summary of Third Round Fair Share Plan

Since the prior round obligation has been satisfied and no units remain to be addressed, the Borough's third round fair share plan, as summarized below, addresses the rehabilitation share (4 units) and the growth share obligation (11 units) for a total obligation of 15 units.

1. *Rehabilitation (4 units):* The Borough has submitted documentation to COAH demonstrating that 3 dwelling units rehabilitated after April 2000 meet COAH's third round crediting criteria. The Borough will provide funding for the rehabilitation of 1 additional unit to complete the rehabilitation obligation.
2. *New Construction (11 units):* The Borough will enact an ordinance subsidizing the development of 10 affordable accessory apartments. In addition, the Borough is cooperating with a provider of special needs housing to promote the construction of a 1-bedroom addition to an existing group home located on Princeton Avenue (EDEN Acres). Since each bedroom in group homes count as one unit of credit, this plan will satisfy the full 11-unit new construction obligation. If construction of an addition to EDEN's existing home should not prove feasible, the Borough will cooperate with EDEN to promote the establishment of another home in the Borough for persons with special needs.

PART 1 **THE HOUSING ELEMENT**

The Municipal Land Use Law (MLUL) was amended in 1985 to require a Housing Element as a mandatory part of the municipal Master Plan. Under the law, every Housing Element must contain the following information.

1. An inventory and analysis of the municipality's housing stock, demographic characteristics, and existing and future employment characteristics;
2. A projection of future housing construction;
3. A determination of the municipality's present and prospective fair share of low and moderate income housing and its capacity to accommodate low and moderate income housing; and

4. A consideration of land that is most appropriate for the construction of low and moderate income housing including land owned by developers who have expressed a commitment to provide affordable housing.

COAH's revised third round rules contain the following additional requirements that must be addressed in the Housing Element.

1. COAH's household projection for the Borough in accordance with Appendix F(2) of COAH's revised rules.
2. The employment projection for the Borough in accordance with Appendix F(2) of COAH's revised rules.
3. The Borough's prior round obligation from Appendix C of COAH's revised rules.
4. The Borough's rehabilitation share from Appendix E of COAH's revised rules.
5. The projected growth share obligation in accordance with the formulae and procedures contained in COAH's revised rules.

Inventory of Housing Stock

Comprised of about 410 total acres, the Borough of Rocky Hill is a small, primarily residential community, which since 1970, has experienced significant declines in population. Most of the Borough's central core is listed on the State and National Register of Historic Places and is a designated Historic District. The Borough's housing stock is comprised primarily of owner-occupied single-family detached dwellings that are typically large and well-kempt. There is little privately owned vacant land; future growth is largely limited to the build-out of one remaining vacant site and a few under-developed parcels of land.

Age of Housing

The Borough of Rocky Hill constitutes an early development in Somerset County. According to the 2000 Census, out of a total of 295 dwelling units, over one-third of its homes were constructed prior to 1940, as displayed in the following table.

AGE OF HOUSING

Source: 2000 Census

Year Structure Built	Number	Percentage
1999 – March 2000	-	-
1995 - 1998	8	2.7
1990 - 1994	8	2.7
1980 – 1989	34	11.4
1970 – 1979	13	4.3
1960 – 1969	96	32.1
1940 – 1959	28	9.4
Prior to 1940	112	37.5

NOTES:

1. The total above reflects 299 units due to sampling methods and calculations contained in the 2000 Census Profile of Selected Housing Characteristics.
2. Percentages may not total 100 due to rounding.

Condition of Housing

The Borough's housing stock is generally in good condition. The Census contains data that gives an indication of the incidence of substandard conditions within a community by counting the number of units reporting a lack of plumbing, heating or complete kitchen facilities. According to the 2000 Census, there were three units in the Borough that lacked complete kitchen and plumbing facilities. COAH has determined that four units in the Borough were deficient and occupied by low or moderate income households.

Housing Values

The Census also provides information about housing values. The median value of owner-occupied housing in the Borough was \$271,400 in 2000. The median monthly rent was reported to be \$914. The following tables display the estimated values for owner-occupied housing and monthly rental costs for rented units.

HOUSING VALUES

Source: 2000 Census

Value of Owner-Occupied Housing	Number	Percentage
< \$50,000	0	-
\$50,000 - 99,000	5	2.2
\$100,000 - 149,000	12	5.4
\$150,000 - 199,000	36	16.1
\$200,000 - 299,000	90	40.4
\$300,000 - 499,999	74	33.2
\$500,000 - 999,999	6	2.7
\$1,000,000 or more	0	-
Median Value	\$271,400	

NOTE: 223 units reported.

MONTHLY RENTAL COSTS

Source: 2000 Census

Gross Monthly Rent	Number	Percentage
< \$500	0	-
\$500 - 749	12	21.4
\$750 - 999	28	50.0
\$1,000 - 1,499	5	8.9
\$1,500 or more	4	7.1
No cash rent	7	12.5
Median Rent	\$914	

NOTES:

1. 56 units reported
2. Percentages may not total 100 due to rounding.

Occupancy Characteristics

The overwhelming majority of dwellings in the Borough are owner-occupied. The breakdown between owner-occupied and rental units is displayed in the following table.

OCCUPANCY CHARACTERISTICS

Source: 2000 Census

<i>Housing Occupancy</i>		
Owner-occupied units	229	80.6
Renter-occupied units	55	19.4
Vacant units	11	-

Housing Types

As shown in the tables below, the majority of dwellings in the Borough are single-family detached units and the median size is 7.1 rooms, representing a fairly large home size.

HOUSING TYPES

Source: 2000 Census

Housing Type ¹	Number	Percentage
1 unit - detached dwelling	218	72.9
1 unit - attached dwelling	40	13.4
2 units	17	5.7
3 or 4 units	8	2.7
5 - 9 units	14	4.7
10 - 19 units	2	0.7
20 or more units	0	-
Mobile homes	0	-

NOTES:

1. The total of units by Housing Type above reflects 299 units due to sampling methods and calculations contained in the 2000 Census Profile of Selected Housing Characteristics.
2. Percentages may not total 100 due to rounding.

SIZE OF DWELLINGS

Source: 2000 Census

Number of Rooms	Number	Percent
1 room	3	1.0
2 rooms	11	3.7
3 rooms	13	4.3
4 rooms	15	5.0
5 rooms	32	10.7
6 rooms	53	17.7
7 rooms	38	12.7
8 rooms	66	22.1
9 rooms	68	22.7
Median rooms per dwelling	7.1	

NOTE: Percentages may not total 100 due to rounding.

¹ Year-round dwellings.

Number of Affordable Units

Two group homes in the Borough are reserved for occupancy by low income households. One is located on Princeton Avenue and houses four individuals. The other is located on Young Drive and houses six individuals. Both homes are licensed by the State of New Jersey Department of Human Services, Division of Developmental Disabilities, and all bedrooms are occupied by low income individuals.

Substandard Housing Capable of Being Rehabilitated

As indicated previously, most of the housing in the Borough is in good condition. In 2000, several units were reported to be deficient and, according to COAH, four were occupied by low or moderate income households and in need of rehabilitation. Since the Census was taken, seven homes have been rehabilitated with funding provided by Somerset County. Three of those units meet COAH criteria for credit in the third round.

Demographic Characteristics

The Master Plan contains a separate section entitled “Demographic Characteristics” which was updated in 2002 based on the 2000 Census. Since the Municipal Land Use Law and COAH require demographic information to be contained in a housing element as a basis for developing a fair share plan, some of the Borough’s demographic material is repeated below.

Population Trends

In 2000 the Borough’s population was 662 persons according to the US Census. This represented a *decrease of 31 persons or 4.5%* from the 1990 Census. The Borough’s population was relatively stable for the four decades preceding 1960, but during the following decade the population grew by almost 75%, to a high of 917 persons. Since then, the Borough has experienced a declining population. The table below displays population from 1930 to 2000. It illustrates the periods of population decline during the Great Depression, growth following World War II and the development of central New Jersey in the 1960’s, and the decline of population since 1970.

POPULATION: 1930-2000

Source: 1996 Master Plan Reexamination Report and 2000 Census

Year	Population	% Change
1930	512	-
1940	404	-21.1%
1950	537	+32.9%
1960	528	-1.7%
1970	917	+73.7%
1980	717	-21.8%
1990	693	-3.3%
2000	662	-4.5%

Household Size and Type

The household characteristics of the Borough's population are displayed in the following table. Based on a total of 284 occupied housing units,² the Borough's average household size was 2.33 persons in 2000.³

HOUSEHOLD SIZE AND TYPE

Source: 2000 Census

Households by Size	Number	Percentage
1 person	79	27.8
2 persons	113	39.8
3 persons	34	12.0
4 persons	39	13.7
5 persons	16	5.6
6 persons	2	0.7
7+ persons	1	0.4
Average household size	2.33	
Households by Type	Number	Percentage
Family households	190	66.9
Non-family households	94	33.1

NOTE: Percentages may not total 100 due to rounding.

Age Characteristics

A breakdown of the Borough's population by age groups is displayed below. The largest percentage is in the 45-54 age group with the next two largest groups being 65+ and 35-44 years of age. These figures reflect an aging population with a significant group of residents of retirement age: over 17% compared to slightly over 11% countywide and 13.2% statewide.⁴ The median age of the Borough's population is 43.8 years.⁵

POPULATION AGE CHARACTERISTICS

Source: 2000 Census

Persons by Age	Number	Percentage
Under 5 years	38	5.7
5-19 years	102	15.4
20-24 years	16	2.4
25-34 years	74	11.2
35-44 years	112	16.9
45-54 years	126	19.0
55-64 years	80	12.0
65+ years	114	17.2

NOTE: Percentages may not total 100 due to rounding.

² The 2000 Census indicates that 284 out of 295 housing units were occupied at the time of the Census in April 2000.

³ Source: 2000 Census.

⁴ Source: 2000 Census and Somerset County Planning Board.

⁵ Source: 2000 Census.

Income Level

According to the 2000 Census, in 1999 the median household income in Rocky Hill was \$79,469. This was about 3% higher than the countywide median household income of \$76,933.⁶ The 2000 Census also reported that in 1999 five families and 18 individuals lived below the poverty level.⁷ The following table displays a breakdown of the Borough's households by income.

HOUSEHOLD INCOME

Source: 2000 Census

Households by Income	Number	Percentage
Under \$10,000	11	3.8
\$10,000-14,999	7	2.4
\$15,000-24,999	8	2.8
\$25,000-34,999	17	5.9
\$35,000-49,999	41	14.2
\$50,000-74,999	51	17.7
\$75,000-99,000	37	12.8
\$100,000-149,000	63	21.9
\$150,000-199,999	21	7.3
\$200,000 or more	32	11.1
Median Household Income: \$79,469		

NOTE: Percentages may not total 100 due to rounding.

Employment Status of Borough Residents

The 2000 Census reported that there were 376 Rocky Hill residents employed (16 years and older). The following table displays the occupation categories reported by residents.

EMPLOYMENT STATUS OF RESIDENTS

Source: 2000 Census

Occupation	Number
Management, professional and related occupations	230
Service occupations	30
Sales and office occupations	70
Farming, fishing, and forestry occupations	-
Construction, extraction and maintenance occupations	25
Production, transportation, and material moving	21

⁶ Source: 2000 Census.

⁷ Source: 2000 Census.

Employment Characteristics (Job Availability) in Rocky Hill

Data concerning employment in each municipality in New Jersey is available from the New Jersey Department of Labor (DOL). The data provide an indication of the number and types of jobs available in the community.

Employment by Industry Sectors

The most recent breakdown of private sector jobs for municipalities available at the DOL website dates to 2003 and is shown in the table below. DOL's website notes that where there were very few units (establishments) or the number of jobs was low, the data may be suppressed.

EMPLOYMENT IN ROCKY HILL BY INDUSTRY SECTOR: 2003

Source: NJ Department of Labor

Private Sector Classification	Average Number of Jobs in Private Sector
Construction	-
Manufacturing	69
Wholesale trade	23
Retail trade	-
Information	-
Finance and insurance	-
Professional and technical services	62
Administrative and waste services	17
Health care and social assistance	28
Accommodation and food services	33
Other services except public administration	19
Unclassified entities	-
Sum total of jobs by sector reported above	251
Private sector total reported by DOL	327

NOTE: The total number of jobs reported exceeds the sum of reported jobs in each category by 76 jobs.

Number of Persons Employed and Employment Trends

Employment trends in the Borough have generally been very stable. This is largely due to the fact that the Borough's business districts are nearly fully developed. DOL has published the number of jobs that were available in Rocky Hill in each of the last three years as shown in the table below.

According to DOL, an average of 394 jobs were available in Rocky Hill during 2006, an increase of 58 jobs compared to 2005.⁸ DOL reports that there were, on average, 320 private sector and 74 government (local, state and federal) jobs in 2006. However, 70 of the

⁸ Source: NJDOL website of available municipal data as of 8/5/08. The DOL data is based on "covered employment" (i.e. employment covered by workman's compensation.

government jobs were attributed to local government employment in 2006 as compared to just 10 to 12 jobs in the two preceding years. DOL also indicates that 2 units (government entities) reported the data, as compared to one unit in previous years. In September 2008 the Borough advised the Department of Labor that the 2006 local government employment data must be incorrect given the small scope of Rocky Hill's municipal government and its low level of employment, as indicated in 2004 and 2005. There is no school and there are no county offices located within the Borough that would explain the increase of jobs in the "local government" category in 2006. In letters to the Borough and to COAH dated September 29, 2008 the Department of Labor and Workforce Development advised that a coding error led to this mistake and that the data should be corrected in COAH's files.

Since there was an error in the reporting for government employment, it is more appropriate to compare private sector employment available in the Borough. The table below confirms a stable level of private sector employment from 2004-2006 (italicized figures). Prior to that, DOL reported a total of 327 jobs in 2003 (see table on previous page) and COAH reported a total of 335 jobs in 2002.⁹

EMPLOYMENT TRENDS

Source: NJ Department of Labor

Covered employment	2006	2005	2004
Total Average Covered Employment	394	336	343
<i>Total Average Private Sector Employment</i>	<i>320</i>	<i>320</i>	<i>329</i>
Federal Gov't Employment	3	3	3
State Gov't Employment	1	1	1
Local Gov't Employment	70	12	10
Private Sector units reporting	60	61	62
Government Sector units reporting:			
Federal	1	1	1
State	1	1	1
Local	2	1	1

NOTE: Covered employment refers to jobs covered by NJ unemployment compensation.

Another indication of employment trends, which is utilized by COAH to determine housing needs, is the amount of new or expanded construction of nonresidential uses. Over the last ten years there has been negligible nonresidential development in the Borough. Department of Community Affairs' new construction reports available on the department's website indicate that in the last ten years there has been a total of about 1,100 square feet of nonresidential space, most of which was categorized as storage, constructed in the Borough.¹⁰

Employment Outlook

From a land use planning perspective, future employment growth in the Borough is expected to continue to be stable because the Borough is a nearly fully developed community. The

⁹ NJAC 5:97 Appendix F(2).

¹⁰ DCA also reported the construction of a new group home as nonresidential (dormitory category) space. It is not included in the reference above since it is actually a residential use.

number of jobs available in connection with existing businesses may fluctuate slightly due to economic conditions or changes in business operations. COAH should adjust its projection of employment growth through 2018 based on corrected 2006 employment data as recommended by the Department of Labor. If correction of the data results in a lower projected fair share obligation, the Borough should amend this plan to address the revised obligation.

On a much longer time horizon, there is only one area where new business development is possible, which is an under-developed property located on the south side of Washington Street that is zoned in part for nonresidential development. Most of the property lies within the airport hazard zone of nearby Princeton Airport. The property has been in agricultural use for decades and the Borough does not anticipate development of this parcel during the third round housing cycle.

Determination of Present and Prospective Need for Affordable Housing and Capacity to Accommodate Growth

COAH has determined the *present need* or *rehabilitation share* for all communities and developed projections of housing construction and employment growth by which a municipality may calculate its *prospective need* or *growth share*. The Borough's Fair Share Plan will address the rehabilitation share determined by COAH and the growth share obligation derived by applying COAH's formulae to the agency's projections.

Present Need (Rehabilitation Share)

According to Appendix B of the revised third round rules, based on the 2000 Census, COAH determined that the Borough's *present need* for affordable housing, i.e. its *rehabilitation share* (units within the Borough that are occupied by lower income households and in need of rehabilitation) is 4 units. This may be offset by housing rehabilitated after April 2000, which meets COAH criteria.

Prospective Need (Growth Share)

Appendix F of the revised third round rules contains projections of household and employment growth upon which the Borough's *prospective need* or *growth share* obligation is based. COAH forecasts that between 2004 and 2018 25 new housing units will be constructed and 97 new jobs will be created. Based on COAH rules, this translates into a growth share obligation of 11 new units as follows:

$$\begin{array}{rcl} 25 \text{ dwellings divided by } 5 & = & 5 \text{ affordable units} \\ 97 \text{ new jobs divided by } 16 & = & \underline{6} \text{ affordable units} \\ \text{Growth share obligation} & = & 11 \text{ new units} \end{array}$$

The Borough's Capacity to Accommodate Residential and Nonresidential Growth

The Municipal Land Use Law requires that the Housing Element address whether the community has the capacity to accommodate its present and prospective housing needs, including its fair share of low and moderate income housing. Present need, which COAH

refers to as the rehabilitation share, refers to existing housing that is deficient and occupied by low or moderate income households. There is no physical constraint on the Borough in addressing this portion of the obligation.

With respect to prospective need, or the growth share portion of the obligation, the Borough intends to establish a 10-unit accessory apartment program and cooperate with a group home provider to provide one additional bedroom in an existing group home to fulfill the 11-unit obligation. The Borough has an existing housing stock that is conducive to the production of accessory apartments and is willing to subsidize their creation, as described in greater detail in Part 2, the Fair Share Plan.

COAH also requires an assessment of the Borough's capacity to accommodate growth consistent with COAH's projections. Such an assessment should be made in recognition that there is very little privately owned vacant or underutilized land available for development in the Borough. The following responds to COAH's checklist of the factors that comprise this analysis.

1. Existing and Planned Infrastructure: Public water and sewer systems are available throughout the Borough of Rocky Hill and there is adequate capacity to serve the small amount of development permitted under current zoning and for the accessory apartments intended to address the Borough's growth share obligation.
2. Anticipated Demand for Uses Permitted by Zoning: Since the Borough is nearly fully developed, current zoning of vacant or underutilized land provides for limited growth, consistent with the Borough's Land Use Plan. No new zoning is anticipated with the exception of an amendment to the Land Use Ordinance to permit affordable accessory apartments on properties with existing homes.
 - Residential: The largest parcel of privately owned vacant land in the Borough (Schafer/Pulte site) is zoned for a 34-unit age-restricted residential development. When the property was zoned for this use the prospective developer indicated a strong demand for this type of housing. Although Rocky Hill is a very small community with a population in 2000 of 662 persons, an analysis of the Borough's demographic characteristics shows that the largest age group in 2000 was 45-54 years of age (126 persons) and that a total of 194 additional persons, 29% of the population, were over 55 years of age.
 - Nonresidential: COAH's projection of 97 new jobs by 2018 was based at least in part upon erroneous DOL data, which, as indicated previously, showed an increase in total covered employment between 2005 and 2006. The Borough does not anticipate actual growth in employment to be substantial in the Borough during the third round. Past trends in employment confirm that there have been minor fluctuations in the number of private sector jobs available in the Borough. Similarly, very little nonresidential development has taken place over the past decade. The largest underutilized parcel of land that is zoned for nonresidential uses is largely located within the airport hazard zone of Princeton Airport and is currently in agricultural use. The Borough does not anticipate development of this parcel within the third round.

- Anticipated Land Use Patterns: The Borough's current zoning is consistent with the Land Use Plan element of the Master Plan. The only zoning anticipated to affect future growth is an ordinance permitting the construction of ten affordable accessory apartments to address the Borough's growth share requirement. Since the number of apartments is limited by COAH regulations to ten units, there should not be a substantial change in the Borough's land use pattern.
- 3. Municipal Economic Development Policies: The Borough is a nearly fully developed community with a relatively small commercial/employment base. The Borough does not anticipate any substantial changes to its commercial base in the near term. Zoning is in place to permit additional commercial development in the Village Office Zone, but the Borough is not aware of any proposal to develop this area.
- 4. Constraints on Development: The principal constraints on growth in the Borough are the lack of developable land and the recent downturn in the state and national economy. The Borough is not aware of any significant or unusual constraints on development as a result of land use compatibility, land ownership patterns, or environmental conditions. The proximity of Princeton Airport (located in adjacent Montgomery Township) creates a regulated airport hazard zone affecting one parcel of land, which precludes residential development on that portion of the property.
- 5. Existing or Planned Measures to Address Constraints: Based on the above, the Borough of Rocky Hill does not plan any special measures to address growth constraints. Proposed zoning for accessory apartments and existing zoning for development of the few remaining privately owned parcels is compatible with surrounding land uses and consistent with the Borough's Master Plan.

Consideration of Lands Appropriate for the Construction of Affordable Housing

The Municipal Land Use Law requires that the Borough take under consideration the commitments of developers who have expressed an interest in constructing affordable housing in the Borough. There are two parcels in the Borough that have any significant development potential. One has already been approved for development (Schafer/Pulte site) and the other is precluded from residential development by its designation within the airport hazard zone of Princeton Airport. Since the Borough is nearly fully developed, there are no realistic opportunities to rezone sites for inclusionary development to produce affordable housing.

As discussed in the Fair Share Plan below, accessory apartments are the most appropriate means by which to promote new affordable housing construction in the Borough. Given the older and generous size of homes in the Borough, the potential to create apartments is realistic and, with a municipal subsidy, feasible for interested homeowners. Implementing an accessory apartment program is fully consistent with the Land Use Plan element of the Borough's Master Plan.

In addition to promoting affordable housing by enacting an accessory apartment program, the Borough will provide funding for the rehabilitation of deficient housing in accordance with COAH rules.

Planning Area Designation

The Borough is designated within Planning Area 2 by the State Planning Commission. In addition, the State Planning Commission approved a Village Center designation largely consistent with the Borough's historic central core in 2001. Continued center designation is available to communities participating in the State Planning Commission's *plan endorsement* process. The Borough is not currently seeking plan endorsement from the State Planning Commission.

PART 2 **THE FAIR SHARE PLAN**

A Fair Share Plan describes the completed or proposed mechanisms and funding sources that will be utilized to address the rehabilitation share, prior round obligation and growth share obligation. The plan outlines the credits addressing any portion of the fair share obligation, the mechanisms intended to address the prior round and growth share obligations, and includes an implementation schedule for the submission of documentation to COAH and the time frame for providing affordable housing. The governing body is responsible for enacting ordinances and, if necessary, providing funding to implement the plan.

Determining the Total 1987-2018 Fair Share Housing Obligation

According to COAH rules, the Borough's third round affordable housing obligation covers the entire period from 1987 through 2018 and is the sum of three components:

1. Rehabilitation share;
2. Prior round obligation; and
3. Growth share.

These three components comprising the Borough's obligation are displayed in the table below. The prior round obligation at this point represents only the new construction portion of the cumulative first and second round obligations (25 units) which has been fully satisfied.

TOTAL FAIR SHARE OBLIGATION: 1987-2018

Component	Units
Rehabilitation Share (Third Round)	4
Prior Round Obligation (Prior Round New Construction)	25
Growth Share (See calculations below)	11
Total 1987-2018 Fair Share Obligation	40

Determining the Growth Share Obligation

The growth share obligation is calculated by applying growth share ratios to COAH's projection of household and employment growth commencing January 1, 2004 through

December 31, 2018. The following table displays the growth share calculations based on COAH's revised rules.

COAH'S THIRD ROUND GROWTH PROJECTIONS: 2004-2018

Source: NJAC 5:97 Appendix F

Type of Growth	Units	Type of Growth	Jobs
Household growth	25	Employment growth	97
Divide by 5	25/5	Divide by 16	97/16
Projected Residential Obligation	5	Projected Nonresidential Obligation	6
Total Projected Growth Share Obligation: 11			

Summary of the Plan for Total 1987-2018 Fair Share Obligation

The total fair share obligation may be offset by credits for rehabilitation completed after April 2000 and affordable units completed (including bonus credits) as part of the prior round certified plan. The following table displays the three components of the total obligation, offset by credits and the plan to address the growth share obligation.

SUMMARY OF PLAN TO ADDRESS THE TOTAL 1987-2018 FAIR SHARE OBLIGATION

Housing Component	Units/Credits
Rehabilitation Share (Third Round)	4
Rehabilitation Credits (Post April 2000 Rehabilitation)	3
Remaining Rehabilitation Share	1
Prior Round Obligation (Prior Round New Construction)	25
Prior Round Credits (Sub. Cert. granted 1/3/01)	
--RCA funds transferred in 2001	9
--Credit for Existing Group Home (EDEN)	4
--Credit for Completed Group Home (ARC)	6
--Rental Bonus	6
Remaining Prior Round Obligation	0
Third Round Projected Growth Share	11
Credits and Adjustments to Growth Share	0
Proposed Units Addressing Growth Share	
--Accessory Apartment Program	10
--Additional bedroom @ EDEN Group Home	1
Remaining Obligation or Surplus	0

NOTE: If the construction of an additional bedroom at the existing EDEN group home is not feasible, EDEN may establish another group home within the Borough for persons with special needs.

Fair Share Plan Parameters

According to COAH rules, family housing must comprise at least 50%, and rental units must comprise at least 25%, of the growth share obligation. In addition, at least 50% of the rental requirement must be addressed with housing for families. Housing for senior citizens is limited to 25% of the growth share obligation. At least 50% of the units addressed in a Fair Share Plan must be available to low income households, and under recently enacted legislation, at least 13% of the growth share obligation must be available to households with incomes less than 30% of median income. The following table displays these parameters based on the Borough's 11-unit projected growth share obligation.

FAIR SHARE PLAN PARAMETERS

Parameter (COAH requirements and limitations)	Units
Projected Growth Share (GS) Obligation	11
Family housing requirement (at least 50% of GS)	6
Rental requirement (at least 25% of GS) -- Family rental requirement (at least 50% of rental req.): 2	3
Low income housing (at least 50% of GS) -- Very low income housing (at least 13% of GS): 2	6
Maximum units that may be age-restricted (25%)	2

Summary of Built and Proposed Affordable Housing

Units Addressing the Rehabilitation Share

Since April 2000, three dwelling units (displayed in the table below) satisfying COAH's third round crediting criteria have been rehabilitated with funding provided by Somerset County. Information on these units was submitted to COAH on August 12, 2008. The Borough will continue to participate in the Somerset County rehabilitation program, but will also make municipal funds available for one unit of rehabilitation consistent with COAH's requirements that rehabilitation programs provide assistance for the rehabilitation of deficient units, whether owner occupied or renter occupied.

REHABILITATION SINCE APRIL 2000
MEETING THIRD ROUND CREDITING CRITERIA¹¹

Block/Lot	Location	Start Date	Completion Date	Amount Expended	Length of Afford. Controls	Property Status
10/16	45 Crescent	5/1/2000	11/1/2000	\$9,000	6 yrs. (Mortgage: Book 3397 Page 547)	No transfer of ownership; same owner.
4/12	1 Montgomery	5/1/2000	11/1/2000	\$9,000	6 yrs. (Mortgage: Book 3397 Page 543)	Transfer of ownership on July 14, 2007.
2/2	17 Montgomery	12/2/2006	8/30/2007	\$19,920	10 yrs. (Mortgage: Book 5964 Page 2819)	No transfer of ownership; same owner.

¹¹ COAH rules require that prior to 12/20/04 at least \$8,000/unit must have been expended on residential rehabilitation and each unit must have been governed by a 6-year lien. Subsequent to 12/20/04, rehabilitated units must be subject to a 10-year lien.

Units Addressing the Prior Round

As displayed in the table below, the Borough has fully satisfied its prior round obligation with a regional contribution agreement, two group homes and rental bonus credits. One group home was an existing facility established in 1996 and the other was constructed in 2002. All of the bedrooms in the group homes are occupied by low income individuals and none is age-restricted. All components of the Borough's prior round plan have been completed and reported to COAH on the required monitoring forms.

PROGRAMS, PROJECTS AND/OR UNITS ADDRESSING THE PRIOR ROUND OBLIGATION

Project/Program Name	Mechanism or Bonus Type	Proposed or Completed Units or Bedrooms	Units/Bedrooms Addressing Obligation	Units/Bedrooms Addressing Rental Obligation	Units/Bedrooms Subject to Age-restricted Cap
RCA with New Brunswick	RCA	Funds transferred 2001	9	0	0
EDEN Acres	Supportive & Special Needs Housing	Completed 1996	4	4	0
ARC of Somerset	Supportive & Special Needs Housing	Completed 2002	6	6	0
Rental Bonus	Rental Bonus	Certified Plan 2001	6	n/a	n/a
			25	10	0

Units Proposed to Address the Third Round Fair Share Obligation

The Borough will address the remaining rehabilitation share (1 unit) and the third round growth share obligation of 11 units with the following compliance mechanisms:

1. **Rehabilitation Program (1 unit):** Since three units rehabilitated since April 2000 should qualify for COAH credit, the Borough will make municipal funds available for one unit of rehabilitation. The rehabilitation process will be administered by the consultant retained by the Borough to administer accessory apartment program.
2. **Group Home (1 bedroom):** The Borough is cooperating with the owner of an existing group home (EDEN Acres) to promote the construction of an addition to its home on Princeton Avenue for occupancy by at least one individual with special needs. Should the construction of an addition not prove feasible, EDEN has expressed an interest in establishing another group home in the Borough for persons with special needs.
3. **Accessory Apartments:** The Borough will enact an ordinance to subsidize and permit the construction of 10 accessory apartments.¹² The Borough will retain an experienced consultant to conduct the program, which will be funded by Borough utilizing development fee revenue and municipal appropriations covering any shortfall in fees.

¹² An accessory apartment is defined by COAH as a self-contained residential dwelling unit with a kitchen, sanitary facilities, sleeping quarters and a private entrance, which is created within an existing home, or through conversion of an existing accessory structure on the same site, or by an addition to an existing home or accessory building, or by the construction of a new accessory structure on the same site. N.J.A.C. 5:97-1.4.

None of the units proposed to address the Borough's growth share requirement will be age-restricted and all units are rental dwellings, thus satisfying the rental requirement. An addition to EDEN's existing group home on Princeton Avenue will satisfy one of the two required very low income units (housing affordable to persons earning less than 30% of median). The other very low income unit will be addressed as part of the accessory apartment program.

**PROGRAMS, PROJECTS AND/OR UNITS
ADDRESSING THE THIRD ROUND OBLIGATION**

Project/Program Name	Mechanism or Bonus Type	Proposed or Completed Units/Bedrooms	Units/Bedrooms Addressing Obligation	Units/Bedrooms Addressing Rental Obligation	Units/Bedrooms Subject to Age-restricted Cap
Rehabilitation Program	Rehabilitation	Proposed	1	n/a	0
EDEN Acres addition (or new group home)	Supportive & Special Needs Housing	Proposed	1	1	0
Accessory Apartments Program	Accessory Apartments	Proposed	10	10	0

**Accessory Apartments Program:
Compliance with COAH Requirements**

COAH's requirements and limitations applicable to the implementation of an accessory apartment program (NJAC 5:97-6.8) are addressed below. A draft accessory apartments ordinance and resolution to fund the program will be submitted with the Borough's petition for substantive certification.

1. **Number of Units:** The Borough's plan involves the production of ten apartments, which is consistent with the COAH limitation for this type of program. All units will be available for family occupancy.
2. **Municipal Subsidy and Source of Funding:** The Borough will provide a subsidy to homeowners wishing to create an accessory apartment (\$20,000 for moderate income units and \$25,000 for low income units) plus sufficient funding (approximately \$5,000 per unit) for a qualified administrator to operate the program. The subsidy may be utilized by homeowners for the construction of an apartment or as a rental subsidy. Development fees provide a source of funding for the program, with a municipal guarantee to appropriate or bond for any shortfall. The projected cost of the program is approximately \$275,000.
3. **Infrastructure Capacity:** The entire Borough is served by public sewer and water supply systems. According to the Borough Engineer, there is sufficient water and sewer capacity to accommodate 10 accessory apartments and there is no requirement to construct a separate utility service line as long as the property is already served and the physical location of the apartment itself does not require a separate connection.
4. **Affordability Controls:** The accessory apartment ordinance will require homeowners to comply with affirmative marketing and affordability control requirements for a period of ten years.

5. Unit Size/bedroom distribution: Accessory apartments will not be limited in size and the number of bedrooms per unit will not be limited by ordinance.
6. Low/Moderate Income Split: Since the proposed additional bedroom in the group home addresses one of the six required low income units, the breakdown of low/moderate income accessory apartments will be 50% (5 units) for low income households (including 1 “very low income” unit) and 50% (5 units) for moderate income households.
7. Affordability Range (rental rates): The maximum rent permitted for 5 moderate income units shall be that which is affordable to households earning no more than 60% of median income. The maximum rent for 4 low income units shall be that which is affordable to households earning no more than 44% of median. The maximum rent for 1 very low income unit shall be affordable to a household earning no more than 30% of median income, thus satisfying the very low income affordability requirement.¹³
8. Conducive Housing Stock: The Borough enjoys a housing stock of well-kempt older and large historic homes. Over one-third of the housing units in the Borough were constructed prior to 1940. Relatively low housing densities and development patterns suggest that the housing stock is conducive to the creation of accessory apartments. Many homes have detached garages that could be modified or expanded. Older large homes may accommodate modest interior alterations or the conversion of outbuildings to create apartments. Homes on larger lots outside the village center may easily accommodate alterations or additions. The Borough’s population base, especially older residents, could benefit socially and financially by participating in the program. Apartments will be permitted in any residential zoning district.
9. Program Administrator: In 2007, the Borough Council solicited proposals from qualified housing consultants to administer the accessory apartment program proposed as part of the original third round plan. Prior to the grant of substantive certification the Borough will obtain updated proposals and select an experienced consultant to administer program, including the preparation of an operating manual and affirmative marketing plan for COAH approval. The administrator will undertake all of the functions of the Borough’s “administrative agent” to operate the program, including application processing from homeowners, rent calculations, affirmative marketing and tenant qualification and certification. The administrator will report to the Borough’s Municipal Housing Liaison, in accordance with COAH rules.

Fair Share Plan Costs and Funding Mechanisms

The table below displays the estimated costs to implement this fair share plan and existing/projected development fee revenue. At present, there is little development fee revenue from which to draw to pay for the cost to implement this plan, so the Borough Council will adopt a resolution guaranteeing full program funding from municipal resources. When sufficient development fees are realized, the Borough will reimburse itself for funds expended to implement this plan.

¹³ The proposed additional group home bedroom qualifies as the second required unit affordable to a very low income household.

1. **Rehabilitation:** The Borough will guarantee municipal funding in the amount of \$10,000 for the rehabilitation of one deficient dwelling unit (owner-occupied or renter occupied) that is occupied by an income-eligible household. The cost to administer the rehabilitation is estimated to be \$2,000.
2. **Accessory Apartments:** The Borough will guarantee municipal funding for the 10-unit accessory apartment program, estimated to cost \$275,000 over the period of substantive certification.

Projected Development Fee Revenue

In 1998 the Borough enacted a development fee ordinance as part of its prior round fair share plan. In July 2006 the Borough amended the ordinance to require higher fees in accordance with COAH's 2004 rules: 1% for residential and 2% for nonresidential development. Since there has been so little development in the Borough, just \$4,712 has been collected (as of 10/1/08). The Borough plans to enact an ordinance to increase the fees, consistent with COAH's revised third round rules, and the 2008 amendments to the Fair Housing Act, to 1.5% (residential) and 2.5% (nonresidential) including land value associated with new construction.

The build-out of the approved Schafer/Pulte development is subject to the payment of a 1% development fee for each dwelling in the proposed 34-unit development. If the average equalized assessed value of the dwellings is \$500,000/unit, the Borough could expect development fee revenue of approximately \$170,000 (34 units x \$5,000/unit).

FAIR SHARE PLAN COSTS AND FUNDING MECHANISMS

Compliance Mechanism	Estimated Cost	Funding Mechanism	Amount
1 unit of rehabilitation (hard costs)	\$10,000	Dev. Fees held in Trust Fund as of 10/1/08	
Estimated administrative cost	\$2,000		\$4,712
5 low income accessory apartments (including 1 very low income unit)		Projected Dev. Fees:	
@ \$25,000 each	\$125,000	Donato	\$2,940
Administration @ \$5,000 each	\$25,000	Schafer/Pulte	\$170,000
5 moderate income accessory apartments @ \$20,000 each	\$100,000	TOTAL EST. DEV. FEES	\$177,652 ¹⁴
Administration @ \$5,000 each	\$25,000		
TOTAL EST. PLAN COST	\$287,000	Borough Council resolution guarantees funding of costs to implement Fair Share Plan	

NOTE: The projected development fees are estimated; actual fees will be calculated by the Tax Assessor based on a final determination of equalized assessed value. The above does not include interest earned on the trust fund.

Implementation Schedule

COAH requires that the Fair Share Plan include an implementation schedule with a detailed timetable that demonstrates the reasonable likelihood that the affordable housing included in

¹⁴ COAH rules require that at least 30% of development fee revenue be used for affordability assistance programs such as rent subsidies.

the plan will be rehabilitated or constructed during the period of substantive certification. The Implementation Schedule displayed on the following page demonstrates that the fair share obligation will be addressed from 2009 through 2018.

Actual Growth: 2004-2008

The NJ Department of Community Affairs' website and the Borough's Construction Official (a DCA employee) provided the data reflected below concerning development in the Borough from January 1, 2004 through August 12, 2008. The data confirm that new development in the Borough of Rocky Hill has been negligible over the past four-plus years.

- 2004: No COs were issued for either new residential or nonresidential development.
- 2005: No COs were issued for new residential development. DCA indicates that COs were issued for 600 square feet of nonresidential development categorized by DCA under signs, fences, utilities or miscellaneous uses. The Construction Official indicates that no COs were issued for nonresidential uses that would contribute to the Borough's growth share obligation in 2005.¹⁵
- 2006: One CO was issued for a new single family dwelling. No COs were issued for nonresidential development.
- 2007: No COs were issued for either new residential or nonresidential development.
- 2008: No COs were issued for either new residential or nonresidential development as of August 12, 2008.

Implementation of the Fair Share Plan

The Borough will engage an experienced consultant to administer the rehabilitation of 1 unit and the accessory apartment program during the period of substantive certification. The rehabilitation of one unit in the Borough could take place at any time during the period of substantive certification; it is displayed during 2011 for tracking purposes.

The only significant development anticipated to generate an *actual growth share obligation* during this period is the build-out of the Schafer/Pulte property. Although site plan approval has been granted, the project is being litigated by a group of residents. In addition, the slowing economy has also dampened residential construction throughout the state, as evidenced by the Legislature's enactment of the 2008 Permit Extension Act (C.40:55D-136.1 et seq.). Therefore, the Borough does not anticipate the issuance of COs for this development for several years.

On the basis of all of the above, the Borough should implement this plan in accordance with the schedule below, recognizing that COAH will monitor development activities every two years, and may require adjustments to the plan if the *actual fair share obligation* generated by growth is not adequately addressed within the period of substantive certification.

¹⁵ The Construction Official issued 3 building permits in 2005: one for a walk-in freezer; one for an open gazebo at the Municipal Building; and one for a platform for an irrigation system at the Somerset County Park. None of these uses required a CO according to the Construction Official.

IMPLEMENTATION SCHEDULE

Time Frame	Growth (Completed and Projected)	Actual and Projected Growth Share	Fair Share Plan Activities	Anticipated Completion of Affordable Units
2004				
2005				
2006	1 market rate res. unit			
2007				
2008			Borough petitions COAH for sub. cert. and adopts resolution committing to fund Rehabilitation and Accessory Apt. Program.	
2009	1 market rate res. unit (Donato)		Borough selects administrator for Accessory Apt. Program and enacts ordinance. COAH grants substantive certification.	
2010			<u>Group Home:</u> EDEN develops plans for construction of addition or seeks property to establish new home. <u>Accessory Apartments:</u> Administrator commences marketing and processing of applications from homeowners. Borough makes funding available for each accessory apartment.	
2011			<u>Group Home:</u> EDEN seeks financing for addition to group home or seeks property to establish new home. <u>Accessory Apartments:</u> Administrator continues to market program and process applications from homeowners. Borough continues to make funding available for accessory apartments. COAH Monitoring: COAH conducts first biennial review of Fair Share Plan.	2 accessory apartments 1 unit of rehabilitation
2012	34 market rate res. units (Schafer/Pulte)	9 (market rate units are divided by 4 to calculate growth share)	<u>Group Home:</u> EDEN constructs addition or establishes new group home. <u>Accessory Apartments:</u> Administrator continues to market program and process applications from homeowners. Borough continues to make funding available for accessory apartments.	1 bedroom (min.) @ group home 2 accessory apartments
2013			<u>Accessory Apartments:</u> Administrator continues to market program and process applications from homeowners. Borough continues to make funding available for accessory apartments. COAH Monitoring: COAH conducts second biennial review of Fair Share Plan.	
2014			<u>Accessory Apartments:</u> Administrator continues to market program and process applications from homeowners. Borough continues to make funding available for accessory apartments.	2 accessory apartments
2015			<u>Accessory Apartments:</u> Administrator continues to market program and process applications from homeowners. Borough continues to make funding available for accessory apartments. COAH Monitoring: COAH conducts third biennial review of Fair Share Plan.	
2016			<u>Accessory Apartments:</u> Administrator continues to market program and process applications from homeowners. Borough continues to make funding available for accessory apartments.	2 accessory apartments
2017			<u>Accessory Apartments:</u> Administrator continues to market program and process applications from homeowners. Borough continues to make funding available for accessory apartments. COAH Monitoring: COAH conducts fourth biennial review of Fair Share Plan.	
2018			<u>Accessory Apartments:</u> Administrator continues to market program and process applications from homeowners. Borough continues to make funding available for accessory apartments.	2 accessory apartments
TOTAL		9 units	TOTAL	11 new units 1 rehabilitated unit

Rocky Hill 3rd Round Housing Element Adopted 11-11-08.doc